

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT
PLEASANTVILLE, IOWA

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

Year Ended June 30, 2015

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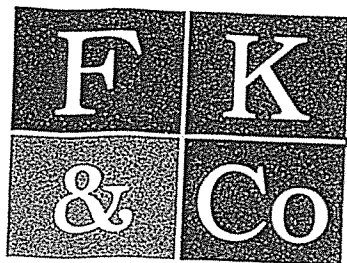
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Pleasantville Community School District

Officials

<u>NAME</u>	<u>TITLE</u>	<u>TERM EXPIRES</u>
Board of Education		
Troy Padellford	President	2015
Ron Danks	Vice-President	2017
Kenny Sutter	Board Member	2017
Phil Ray	Board Member	2015
Chad DeJoode	Board Member	2015
School Officials		
Tony Aylsworth	Superintendent	2015
Robert Friday	District Secretary/ Treasurer/Business Manager	Indefinite
Dickinson, Mackaman, Tyler & Hagen, P.C.	Attorney	Indefinite

Pleasantville Community School District



FALLER, KINCHELOE & CO, PLC

Certified Public Accountants

Independent Auditor's Report

To the Board of Education of
Pleasantville Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Pleasantville Community School District (District), Pleasantville, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

The District has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

U.S. generally accepted accounting principles require the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 37 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

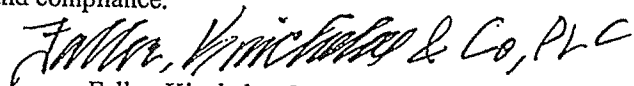
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the two years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. Another auditor previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the seven years ended June 30, 2012 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 10, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.


Faller, Kincheloe & Co., PLC

Des Moines, Iowa
March 10, 2016

Basic Financial Statements

Pleasantville Community School District

Exhibit A

Statement of Net Position

June 30, 2015

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 2,565,161	59,623	2,624,784
Receivables:			
Property tax:			
Delinquent	33,367	-	33,367
Succeeding year	3,691,261	-	3,691,261
Due from other funds	15,061	-	15,061
Due from other governments	629,565	17,027	646,592
Inventories	-	5,670	5,670
Capital assets, net of accumulated depreciation	7,407,845	40,714	7,448,559
Total assets	14,342,260	123,034	14,465,294
Deferred Outflows of Resources			
Pension related deferred outflows	579,101	15,459	594,560
Liabilities			
Accounts payable	63,597	-	63,597
Salaries and benefits payable	733,747	17,164	750,911
Due to other funds	-	12,061	12,061
Due to other governments	110,260	-	110,260
Accrued interest payable	61,720	-	61,720
Unearned revenue	-	3,380	3,380
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	105,000	-	105,000
Revenue bonds	190,000	-	190,000
Capital leases	139,532	-	139,532
Special assessment	6,301	-	6,301
Early retirement	75,355	-	75,355
Portion due after one year:			
General obligation bonds	555,000	-	555,000
Revenue bonds	3,400,000	-	3,400,000
Capital leases	260,144	-	260,144
Early retirement	172,240	-	172,240
Net pension liability	2,598,800	69,371	2,668,171
Net OPEB liability	51,550	3,940	55,490
Total liabilities	8,523,246	105,916	8,629,162
Deferred Inflows of Resources			
Unavailable property tax revenue	3,691,261	-	3,691,261
Pension related deferred inflows	991,106	26,457	1,017,563
Total deferred inflows of resources	4,682,367	26,457	4,708,824
Net Position			
Net investment in capital assets	2,751,868	40,714	2,792,582
Restricted for:			
Categorical funding	8,137	-	8,137
Debt service	599,020	-	599,020
Management levy purposes	439,495	-	439,495
Student activities	88,365	-	88,365
School infrastructure	643,740	-	643,740
Physical plant and equipment	129,949	-	129,949
Unrestricted	(2,944,826)	(34,594)	(2,979,420)
Total net position	\$ 1,715,748	6,120	1,721,868

See notes to financial statements.

Pleasantville Community School District

Statement of Activities

Exhibit B

Year ended June 30, 2015

Functions / Programs:	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities
Governmental activities:						
Instruction:						
Regular instruction	\$ 3,155,767	295,836	615,359	-	(2,244,572)	-
Special instruction	1,163,525	118,590	244,987	-	(799,948)	-
Other instruction	1,112,694	296,388	4,664	-	(811,642)	-
	5,431,986	710,814	865,010	-	(3,856,162)	-
Support services:						
Student	117,621	-	-	-	(117,621)	-
Instructional staff	98,062	-	-	-	(98,062)	-
Administration	902,034	-	-	-	(902,034)	-
Operation and maintenance of plant	641,899	1,535	-	-	(640,364)	-
Transportation	331,335	460	-	-	(330,875)	-
	2,090,951	1,995	-	-	(2,088,956)	-
Non-instructional programs	3,614	-	-	-	(3,614)	-
Other expenditures:						
Facilities acquisition	29,378	-	-	-	(29,378)	-
Long-term debt interest	143,332	-	-	-	(143,332)	-
AEA flowthrough	253,105	-	253,105	-	-	-
Depreciation (unallocated)*	309,452	-	-	-	(309,452)	-
	735,267	-	253,105	-	(482,162)	-
Total governmental activities	8,261,818	712,809	1,118,115	-	(6,430,894)	-
Business type activities:						
Non-instructional programs:						
Food service operations	386,314	209,639	177,971	-	-	1,296
Total	\$ 8,648,132	922,448	1,296,086	-	(6,430,894)	1,296
General Revenues:						
Property tax levied for:						
General purposes					\$ 2,125,023	-
Capital outlay					261,937	-
Statewide sales, services and use tax					607,144	-
Income surtax					297,196	-
Unrestricted state grants					3,147,281	-
Gain on sale of capital assets					1,507	-
Unrestricted investment earnings					2,375	-
Other					167,158	-
Total general revenues					6,609,621	-
Change in net position					178,727	1,296
Net position beginning of year, as restated					1,537,021	4,824
Net position end of year					\$ 1,715,748	6,120

* This amount excludes the depreciation that is included in the direct expenses of the various programs.

See notes to financial statements.

Pleasantville Community School District

Exhibit C

Balance Sheet
Governmental Funds

June 30, 2015

	General	Special Revenue Management Levy	Capital Projects	Nonmajor	Total
Assets					
Cash, cash equivalents and pooled investments	\$ 757,719	437,334	999,762	370,346	2,565,161
Receivables:					
Property tax:					
Delinquent	28,435	2,161	2,771	-	33,367
Succeeding year	2,424,344	999,999	266,918	-	3,691,261
Due from other funds	15,061	-	-	-	15,061
Due from other governments	535,234	-	94,331	-	629,565
Total assets	\$ 3,760,793	1,439,494	1,363,782	370,346	6,934,415
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 57,461	-	-	6,136	63,597
Salaries and benefits payable	733,747	-	-	-	733,747
Due to other governments	110,260	-	-	-	110,260
Total liabilities	901,468	-	-	6,136	907,604
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	2,424,344	999,999	266,918	-	3,691,261
Other	279,218	-	-	-	279,218
Total deferred inflows of resources	2,703,562	999,999	266,918	-	3,970,479
Fund balances:					
Restricted for:					
Categorical funding	8,137	-	-	-	8,137
Debt service	-	-	323,175	275,845	599,020
Management levy purposes	-	439,495	-	-	439,495
Student activities	-	-	-	88,365	88,365
School infrastructure	-	-	643,740	-	643,740
Physical plant and equipment	-	-	129,949	-	129,949
Unassigned	147,626	-	-	-	147,626
Total fund balances	155,763	439,495	1,096,864	364,210	2,056,332
Total liabilities, deferred inflows of resources and fund balances	\$ 3,760,793	1,439,494	1,363,782	370,346	6,934,415

See notes to financial statements.

Pleasantville Community School District

Exhibit D

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position

June 30, 2015

Total fund balances of governmental funds (page 10)

\$ 2,056,332

*Amounts reported for governmental activities in the
Statement of Net Position are different because:*

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.

7,407,845

Other long-term assets are not available to pay current period expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.

279,218

Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.

(61,720)

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:.

Deferred inflows of resources
Deferred outflows of resources

\$ 579,101
(991,106)

(412,005)

Long-term liabilities, including general obligation bonds payable, revenue bonds payable, capital leases payable, special assessment payable, early retirement payable, other postemployment benefits payable and net pension liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.

(7,553,922)

Net assets of governmental activities (page 8)

\$ 1,715,748

See notes to financial statements.

Pleasantville Community School District

Exhibit E

Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds

Year ended June 30, 2015

	General	Special Revenue Management Levy	Capital Projects	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$2,208,105	201,093	260,880	-	2,670,078
Tuition	368,119	-	-	-	368,119
Other	204,400	251	1,057	296,388	502,096
State sources	4,093,692	-	607,144	-	4,700,836
Federal sources	172,143	-	-	-	172,143
Total revenues	7,046,459	201,344	869,081	296,388	8,413,272
Expenditures:					
Current:					
Instruction:					
Regular	3,193,881	111,889	-	-	3,305,770
Special	1,190,009	10,382	-	-	1,200,391
Other	804,279	6,398	-	311,906	1,122,583
	5,188,169	128,669	-	311,906	5,628,744
Support services:					
Student	120,245	1,015	-	-	121,260
Instructional staff	87,725	659	11,200	-	99,584
Administration	828,672	87,997	-	-	916,669
Operation and maintenance of plant	607,878	38,174	-	-	646,052
Transportation	267,828	16,882	-	-	284,710
	1,912,348	144,727	11,200	-	2,068,275
Non-instructional programs	2,202	1,412	-	-	3,614
Other expenditures:					
Facilities acquisition	-	-	75,130	-	75,130
Long-term debt:					
Principal	-	-	-	431,785	431,785
Interest and fiscal charges	-	-	-	145,612	145,612
AEA flowthrough	253,105	-	-	-	253,105
	253,105	-	75,130	577,397	905,632
Total expenditures	7,355,824	274,808	86,330	889,303	8,606,265
Excess (deficiency) of revenues over (under) expenditures	(309,365)	(73,464)	782,751	(592,915)	(192,993)
Other financing sources (uses):					
Sale of capital assets	1,507	-	-	-	1,507
Transfers in	-	-	-	580,983	580,983
Transfers out	-	-	(580,983)	-	(580,983)
Total other financing sources (uses)	1,507	-	(580,983)	580,983	1,507
Change in fund balances	(307,858)	(73,464)	201,768	(11,932)	(191,486)
Fund balances beginning of year	463,621	512,959	895,096	376,142	2,247,818
Fund balances end of year	\$ 155,763	439,495	1,096,864	364,210	2,056,332

See notes to financial statements.

Pleasantville Community School District

Exhibit F

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities

Year ended June 30, 2015

Net change in fund balances - total governmental funds (page 12) \$ (191,486)

*Amounts reported for governmental activities in the
Statement of Activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures were less than depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 50,926	
Depreciation expense	(397,617)	(346,691)

Certain revenues not collected for several months after year end are not considered available revenue and are deferred in the governmental funds. 25,766

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 431,785

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 2,279

The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position. 390,766

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement	75,335	
Pension expense	(205,125)	
Other postemployment benefits	(3,902)	(133,692)

Change in net position of governmental activities (page 9) \$ 178,727

See notes to financial statements.

Pleasantville Community School District

Statement of Net Position
Proprietary Funds

June 30, 2015

Exhibit G

	<u>Nonmajor Enterprise, School Nutrition</u>
Assets	
Current assets:	
Cash, cash equivalents and pooled investments	\$ 59,623
Due from other governments	17,027
Inventories	5,670
Total current assets	<u>82,320</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	40,714
Total noncurrent assets	<u>40,714</u>
Total assets	<u>123,034</u>
Deferred Outflows of Resources	
Pension related deferred outflows	<u>15,459</u>
Liabilities	
Current liabilities:	
Salaries and benefits payable	17,164
Due to other funds	12,061
Unearned revenue	3,380
Total current liabilities	<u>32,605</u>
Noncurrent liabilities:	
Net pension liability	69,371
Net OPEB liability	3,940
Total noncurrent liabilities	<u>73,311</u>
Total liabilities	<u>105,916</u>
Deferred Inflows of Resources	
Pension related deferred inflows	<u>26,457</u>
Net Position	
Net investment in capital assets	40,714
Unrestricted	<u>(34,594)</u>
Total net position	<u>\$ 6,120</u>

See notes to financial statements.

Pleasantville Community School District

Exhibit H

Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Funds

Year ended June 30, 2015

	Nonmajor Enterprise, School Nutrition
Operating revenues:	
Local sources:	
Charges for service	\$ 209,607
Total operating revenue	<u>209,607</u>
Operating expenses:	
Non-instructional programs:	
Salaries	122,896
Benefits	18,233
Supplies	240,141
Depreciation	5,044
Total operating expenses	<u>386,314</u>
Operating loss	<u>(176,707)</u>
Non-operating revenues:	
State sources	3,061
Federal sources	174,910
Interest income	32
Total non-operating revenues	<u>178,003</u>
Increase in net position	1,296
Net position beginning of year, as restated	<u>4,824</u>
Net position end of year	<u>\$ 6,120</u>

See notes to financial statements.

Pleasantville Community School District

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2015

Exhibit I

	Nonmajor Enterprise, School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 206,305
Cash paid to employees for services	(145,786)
Cash paid to suppliers for goods and services	(217,177)
Net cash used by operating activities	<u>(156,658)</u>
Cash flows from non-capital financing activities:	
State grants received	3,061
Federal grants received	128,257
Net cash provided by non-capital financing activities	<u>131,318</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(1,665)
Interfund loan decrease	(142)
Net cash used by capital and related financing activities	<u>(1,807)</u>
Cash flows from investing activities:	
Interest on investments	<u>32</u>
Net decrease in cash and cash equivalents	(27,115)
Cash and cash equivalents beginning of year	<u>86,738</u>
Cash and cash equivalents end of year	<u>\$ 59,623</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (176,707)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	29,626
Depreciation	5,044
Increase in inventories	(4,506)
Decrease in accounts payable	(334)
Decrease in salaries and benefits payable	(1,822)
Decrease in unearned revenue	(3,302)
Decrease in net pension liability	(26,174)
Increase in deferred outflows of resources	(5,238)
Increase in deferred inflows of resources	26,457
Increase in other postemployment benefits	298
Net cash used by operating activities	<u>\$ (156,658)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2015, the District received \$29,626 of federal commodities.

See notes to financial statements.

Pleasantville Community School District

Exhibit J

Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2015

	<u>Private Purpose Trust Scholarship</u>
Assets	
Cash, cash equivalents and pooled investments	<u>\$ 358,645</u>
Total assets	<u>358,645</u>
Liabilities	
Due to other funds	<u>3,000</u>
Total liabilities	<u>3,000</u>
Net Position	
Reserved for scholarships	<u><u>\$ 355,645</u></u>

See notes to financial statements.

Pleasantville Community School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds

Exhibit K

Year ended June 30, 2015

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Gifts and contributions	
Interest income	\$ 19,290
Total additions	9,517
	<u>28,807</u>
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	
	<u>40,830</u>
Change in net position	(12,023)
Net position beginning of year	<u>367,668</u>
Net position end of year	<u>\$ 355,645</u>

See notes to financial statements.

Pleasantville Community School District

Notes to Financial Statements

June 30, 2015

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pleasantville Community School District (District) is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Pleasantville, Iowa, and the predominate agricultural territory of Marion and Warren Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, the District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Marion County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Special Revenue, Management Levy Fund is used to account for revenues from property tax and other revenues to be used for the payment of insurance, unemployment and early retiree benefits.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District reports the following non-major proprietary fund:

The District's proprietary fund is the School Nutrition Fund. The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt, proceeds of revenue bonds and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust and the Goldman Sachs Financial Square Funds – Government Fund which are valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 1/2% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2014.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture and equipment and intangibles are reported in applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 1,500
Buildings	1,500
Improvements other than buildings	1,500
Intangibles	10,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	1,500

Capital assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20-50 years
Intangibles	5-10 years
Furniture and equipment	5-15 years

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Salaries and Benefits Payable - Payroll and related expenditures for employees with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Unearned Revenue – Unearned revenues are monies collected for meals that have not yet been served. The meal account balances will either be reimbursed, or will be used when meals are served. The meal account balances are reflected in the Statement of Net Position in the Proprietary, School Nutrition Fund.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation and sick leave for subsequent use. The District's policy is not to reimburse employees for unused sick leave or vacation. Vacation leave can only be used by the employee in the year it is earned. As a result, the District has no compensated absences liability at June 30, 2015.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist income surtax, as well as property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classification.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, expenditures exceeded the amounts budgeted in the instruction, support services and non-instructional programs functions. In addition, total expenditures exceeded the overall amounts budgeted.

(2) **CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS**

The District's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. However, at times during the year, the District's deposits in banks were not entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2015, the District had investments in the Iowa Schools Joint Investment Diversified Portfolio which are valued at an amortized cost of \$79,369, pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAAM by Standard & Poor's Financial Services.

At June 30, 2015, the District had investments in the Goldman Sachs Financial Square Funds – Government Fund which are valued at an amortized cost of \$572,580, pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in Goldman Sachs Financial Square Funds – Government Fund was rated AAAM by Standard & Poor's Financial Services.

At June 30, 2015, the District had investments in U.S government bonds, with a fair value of \$221,533. The investments in the U.S. government bonds are valued at fair value. The investment in the U.S. government bonds is not subject to risk categorization.

(3) DUE FROM AND DUE TO OTHER FUNDS

The detail of interfund receivables and payables at June 30, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
General	Proprietary:	
	School Nutrition	\$ 12,061
	Fiduciary:	
	Scholarship	3,000
Total		<u>\$ 15,061</u>

The above due from/to amounts represents corrections of incorrect recording of transactions, and money due from one fund to another fund in order to record the related expenditures in the proper fund.

(4) INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects:	
	Physical Plant and Equipment Levy	\$ 267,943
	Capital Projects:	
	Statewide Sales, Services and Use Tax	313,040
Total		<u>\$ 580,983</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 64,500	14,000	-	78,500
Total capital assets not being depreciated	64,500	14,000	-	78,500
Capital assets being depreciated:				
Buildings	10,174,319	31,752	-	10,206,071
Improvements other than buildings	359,479	-	-	359,479
Furniture and equipment	1,572,948	5,174	20,376	1,557,746
Total capital assets being depreciated	12,106,746	36,926	20,376	12,123,296
Less accumulated depreciation for:				
Buildings	2,988,950	309,452	-	3,298,402
Improvements other than buildings	280,838	4,695	-	285,533
Furniture and equipment	1,146,922	83,470	20,376	1,210,016
Total accumulated depreciation	4,416,710	397,617	20,376	4,793,951
Total capital assets being depreciated, net	7,690,036	(360,691)	-	7,329,345
Governmental activities capital assets, net	\$ 7,754,536	(346,691)	-	7,407,845
Business type activities:				
Furniture and equipment	\$ 83,043	1,665	-	84,708
Less accumulated depreciation	38,950	5,044	-	43,994
Business type activities capital assets, net	\$ 44,093	(3,379)	-	40,714

Depreciation expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular	\$ 5,147
Other	13,029
Support services:	
Instructional staff	870
Administration	8,276
Operation and maintenance of plant	8,606
Transportation	52,237
Unallocated	88,165
	309,452
Total depreciation expense - governmental activities	\$ 397,617
Business type activities:	
Food service operations	\$ 5,044

(6) LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2015 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation capital loan notes	\$ 765,000	-	105,000	660,000	105,000
Revenue bonds	3,775,000	-	185,000	3,590,000	190,000
Capital leases	535,160	-	135,484	399,676	139,532
Special assessment	12,602	-	6,301	6,301	6,301
Early retirement	322,950	-	75,355	247,595	75,355
Net pension liability	3,579,336	-	980,536	2,598,800	-
Net OPEB liability	47,648	28,993	25,091	51,550	-
Total	\$9,037,696	28,993	1,512,767	7,553,922	516,188

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Business type activities:					
Net pension liability	\$ 95,545	-	26,174	69,371	-
Net OPEB liability	3,642	2,207	1,909	3,940	-
Total	\$ 99,187	2,207	28,083	73,311	-

General Obligation Capital Loan Notes

Details of the District's June 30, 2015 general obligation capital loan notes indebtedness are as follows:

Year Ending June 30,	Bond Issue of August 28, 2012			
	Interest Rates	Principal	Interest	Total
2016	0.75%	\$ 105,000	7,967	112,967
2017	0.90%	110,000	7,180	117,180
2018	1.10%	110,000	6,190	116,190
2019	1.25%	110,000	4,980	114,980
2020	1.50%	110,000	3,605	113,605
2021	1.70%	115,000	1,455	116,455
Total		\$ 660,000	31,377	691,377

Revenue Bonds

Details of the District's June 30, 2015 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of August 1, 2011			
	Interest Rates	Principal	Interest	Total
2016	2.00%	\$ 190,000	116,910	306,910
2017	2.00%	195,000	113,060	308,060
2018	2.00%	200,000	109,110	309,110
2019	2.35%	205,000	104,701	309,701
2020	2.70%	215,000	99,390	314,390
2021-2025	3.00-3.60%	1,165,000	392,036	1,557,036
2026-2030	3.80-4.25%	1,420,000	153,005	1,573,005
Total		\$ 3,590,000	1,088,212	4,678,212

The District has pledged future statewide sales, services and use tax revenues to repay the \$4,100,000 bonds issued in August 2011. The bonds were issued for the purpose of financing a portion of the costs of major school improvements. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through fiscal year 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 51% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$4,678,212. For the current year, principal and interest paid on the bonds and total statewide sales, services and use tax revenues were \$305,198 and \$607,144, respectively.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds includes the following provisions:

- a) All proceeds from the statewide sales, services and use tax shall be placed in a Revenue Account.
- b) \$323,175 of the proceeds from the issuance of the revenue bonds shall be deposited to the reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited in the project account.
- c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

Capital Leases

On March 19, 2012, the District entered into a capital lease agreement for the purchase of a John Deere gator. The lease bears interest at 4.30% per annum and is payable in five annual installments of \$3,508, with a final installment of \$1, with the first installment due beginning March 19, 2012.

On July 31, 2012, the District entered into a capital lease agreement for the purchase of portable buildings. The lease bears interest at 3.95% per annum and is payable in five annual installments of \$23,272, with the first installment due beginning May 1, 2013.

On May 21, 2014, the District entered into a capital lease agreement for the purchase of computer equipment for the District's one-to-one laptop initiative. The lease bears interest at 2.59% per annum and is payable in eight bi-yearly installments of \$61,422, with the first installment due beginning November 21, 2014.

These leases will be paid from physical plant and equipment levy revenues and from statewide sales, services and use tax revenues. The following is a schedule of future minimum lease payments under the capital leases, together with the net present value of the minimum lease payments as of June 30, 2015.

Year Ended June 30,	Gator Lease Amount	Building Lease Amount	Computer Lease Amount	Total
2016	\$ 3,508	23,272	122,843	149,623
2017	1	23,272	122,843	146,116
2018	-	-	122,843	122,843
Minimum Lease Payments	3,509	46,544	368,529	418,582
Less Amount Representing Interest	(148)	(2,616)	(16,142)	(18,906)
Present Value of Minimum Lease Payments	\$ 3,361	43,928	352,387	399,676

Special Assessment

During the year ended June 30, 2006, the District was assessed for road improvement costs by the City of Pleasantville. The assessment will be paid for from statewide sales, services and use tax revenues. The assessment is actually paid to the Marion County Treasurer, who in turn remits the proceeds to the City of Pleasantville. The District owes \$6,656 on this special assessment as of June 30, 2015, with \$6,301 representing principal and \$355 representing interest and fees to total \$6,301. The final special assessment payment is scheduled to be paid by the District in fiscal year 2016.

Early Retirement

The District approved a voluntary early retirement plan for all employees effective for the 2012-2013 and the 2013-2014 school year. Eligible employees must be at least fifty-five and employees must have completed fifteen years of full-time service to the District. Employees must complete an application which is required to be approved by the Board of Education.

The early retirements benefit for each eligible employee consists of \$50,000, paid in equal annual installments on or about July 20th over a five-year period. The retired employee may also continue participation in the District's health insurance group at the employee's own expense.

At June 30, 2015, the District had obligations to seven participants with a total liability of \$247,595. Actual early retirement expenditures for this plan for the year ended June 30, 2015 totaled \$75,355.

Early retirement is recorded as a long-term liability of the Governmental Activities in the Statement of Net Position.

(7) **OPERATING LEASE**

The District entered into a lease on October, 2014 to lease copier equipment at \$1,205 per month. The lease has been classified as an operating lease and, accordingly, all rents are charged to expense as incurred. The lease expires on October 2018.

The following is a schedule of future payments required under the operating lease which has an initial or remaining non-cancelable lease term in excess of one year as of June 30, 2015:

Year Ended June 30,	Amount
2016	\$ 14,460
2017	14,460
2018	14,460
2019	4,820
	<u>\$ 48,200</u>

During the fiscal year, total expenditures incurred in relation to this lease agreement were \$16,737.

(8) **PENSION PLAN**

Plan Description - IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2015 were \$401,185.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the District reported a liability for its proportionate share of the collective net pension liability totaled \$2,668,171. The collective net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the collective net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's proportion was 0.065928 percent, which was an increase of 0.001024 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015 the District recognized pension expense of \$210,599. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 28,998	-
Changes of assumptions	117,752	-
Net difference between projected and actual earnings on pension plan investments	-	1,017,563
Changes in proportion and differences between District contributions and proportionate share of contributions	46,625	-
District contributions subsequent to the measurement date	401,185	-
Total	\$ 594,560	1,017,563

\$401,185 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	\$ (209,210)
2017	(209,210)
2018	(209,210)
2019	(209,210)
2020	12,652
	<u>\$ (824,188)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00 percent per annum.
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent per annum, compounded annually, net of investment expense, including inflation.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23 %	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
	<u>100 %</u>	
Total		

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$5,041,433	2,668,171	664,891

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to the Pension Plan - At June 30, 2015, the District reported payables to the defined benefit pension plan of \$34,655 for legally required employer contributions and \$23,104 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(9) **OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

Plan Description - The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees and retirees and their spouses. There are 96 active and 3 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 31,000
Interest on net OPEB obligation	2,308
Adjustment to annual required contribution	(2,108)
Annual OPEB cost	31,200
Contributions made	(27,000)
Increase in net OPEB obligation	4,200
Net OPEB obligation beginning of year	51,290
Net OPEB obligation end of year	\$ 55,490

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed \$27,000 to the medical plan. Plan members eligible for benefits contributed \$42,000, or 61% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 31,000	45.2%	\$ 40,142
2014	31,156	64.2%	51,290
2015	31,200	86.5%	55,490

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$292,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$292,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,963,000 and the ratio of the UAAL to covered payroll was 9.9%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Table projected to 2015 using Scale AA, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Valuation Report as of June 30, 2012 and applying the termination factors used in IPERS Actuarial Report as of June 30, 2012.

Projected claim costs of the medical plan are \$425-\$477 per month. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(10) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) AREA EDUCATION AGENCY

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$253,105 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(12) CATEGORICAL FUNDING

The District's restricted fund balance for categorical funding at June 30, 2015 is comprised of the following programs:

Program	Amount
Market factor	
Teacher leadership grants	\$ 777
	<u>7,360</u>
Total	<u>\$ 8,137</u>

(13) DEFICIT UNRESTRICTED NET POSITION

In the Statement of Net Position, the District had a deficit unrestricted net position in its Governmental Activities of \$2,944,826 and a deficit unrestricted net position in its Business Type Activities of \$34,594 at June 30, 2015. The reason for these deficit net positions is due to the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27 during fiscal year, which requires all school districts and other governmental entities in the state of Iowa who contribute to IPERS to show their proportionate share of the IPERS funding deficit as a liability on each entity's financials beginning in fiscal year 2015.

(14) SUBSEQUENT EVENTS

The District has evaluated subsequent events through March 10, 2016, which is the date the financial statements were available to be issued.

(15) ACCOUNTING CHANGE/RESTATEMENT

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27, was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB Statement No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities	Business type Activities
Net position June 30, 2014, as previously reported	\$ 4,733,447	90,148
Net pension liability at June 30, 2014	(3,579,336)	(95,545)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	<u>382,910</u>	<u>10,221</u>
Net position July 1, 2014, as restated	<u>\$ 1,537,021</u>	<u>4,824</u>

Required Supplementary Information

Pleasantville Community School District

Budgetary Comparison Schedule of
Revenues, Expenditures/Expenses and Changes in Balances -
Budget and Actual - All Governmental Funds and Proprietary Funds

Required Supplementary Information

Year ended June 30, 2015

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts Original	Final to Net Variance
Revenues:					
Local sources	\$ 3,540,293	209,639	3,749,932	4,258,299	(508,367)
State sources	4,700,836	3,061	4,703,897	4,100,882	603,015
Federal sources	172,143	174,910	347,053	226,003	121,050
Total revenues	8,413,272	387,610	8,800,882	8,585,184	215,698
Expenditures/Expenses:					
Instruction	5,628,744	-	5,628,744	5,195,000	(433,744)
Support services	2,068,275	-	2,068,275	2,010,000	(58,275)
Non-instructional programs	3,614	386,314	389,928	375,000	(14,928)
Other expenditures	905,632	-	905,632	1,334,396	428,764
Total expenditures/expenses	8,606,265	386,314	8,992,579	8,914,396	(78,183)
Excess (deficiency) of revenues over (under) expenditures/expenses	(192,993)	1,296	(191,697)	(329,212)	137,515
Other financing sources, net	1,507	-	1,507	-	1,507
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	(191,486)	1,296	(190,190)	(329,212)	139,022
Balances beginning of year	2,247,818	4,824	2,252,642	1,365,821	886,821
Balances end of year	\$ 2,056,332	6,120	2,062,452	1,036,609	1,025,843

See accompanying independent auditor's report.

Pleasantville Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2015

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The Pleasantville Community School District's (District) budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District did not adopt a budget amendment.

During the year ended June 30, 2015, expenditures in the instruction, support services and the non-instructional programs functions exceeded the amounts budgeted. In addition, expenditures exceeded the overall amounts budgeted.

Pleasantville Community School District

Schedule of the District's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
Last Fiscal Year*
(In Thousands)

Required Supplementary Information

	<u>2015</u>
District's proportion of the net pension liability	0.065928%
District's proportionate share of the net pension liability	\$ 2,668
District's covered employee payroll	\$ 4,402
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.67%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Pleasantville Community School District

Schedule of District Contributions

Iowa Public Employees' Retirement System
Last 10 Fiscal Years
(In Thousands)

Required Supplementary Information

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 401	393	364	327	290	254	239	214	205	189
Contributions in relation to the statutorily required contribution	(401)	(393)	(364)	(327)	(290)	(254)	(239)	(214)	(205)	(189)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 4,491	4,402	4,198	4,052	4,173	3,820	3,764	3,537	3,565	3,287
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

See accompanying independent auditor's report.

Pleasantville Community School District
Notes to Required Supplementary Information – Pension Liability
Year ended June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

Pleasantville Community School District

Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$ 528	528	0.0%	\$ 3,931	13.4%
2011	July 1, 2009	-	528	528	0.0%	4,189	12.6%
2012	July 1, 2009	-	528	528	0.0%	4,141	12.7%
2013	July 1, 2012	-	292	292	0.0%	2,709	10.8%
2014	July 1, 2012	-	292	292	0.0%	2,822	10.3%
2015	July 1, 2012	-	292	292	0.0%	2,963	9.9%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

Pleasantville Community School District

Schedule 1

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2015

	<u>Special Revenue</u>		
	<u>Student Activity</u>	<u>Debt Service</u>	<u>Total</u>
Assets			
Cash, cash equivalents and pooled investments	\$ 94,501	275,845	370,346
Total assets	<u>\$ 94,501</u>	<u>275,845</u>	<u>370,346</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 6,136	-	6,136
Total liabilities	<u>6,136</u>	<u>-</u>	<u>6,136</u>
Fund balances:			
Restricted for:			
Debt service	-	275,845	275,845
Student activities	88,365	-	88,365
Total fund balances	<u>88,365</u>	<u>275,845</u>	<u>364,210</u>
Total liabilities and fund balances	<u>\$ 94,501</u>	<u>275,845</u>	<u>370,346</u>

See accompanying independent auditor's report.

Pleasantville Community School District
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds

Schedule 2

Year ended June 30, 2015

	<u>Special Revenue</u>		
	<u>Student Activity</u>	<u>Debt Service</u>	<u>Total</u>
Revenues:			
Local sources:			
Other			
Total revenues	\$ 296,388	-	296,388
	296,388	-	296,388
Expenditures:			
Current:			
Instruction:			
Other	311,906	-	311,906
Other expenditures:			
Long-term debt:			
Principal	-	431,785	431,785
Interest and fiscal charges	-	145,612	145,612
Total expenditures	311,906	577,397	889,303
Excess (deficiency) of revenues over (under) expenditures	(15,518)	(577,397)	(592,915)
Other financing sources (uses):			
Transfers in	-	580,983	580,983
Total other financing sources (uses)	-	580,983	580,983
Change in fund balances	(15,518)	3,586	(11,932)
Fund balances beginning of year	103,883	272,259	376,142
Fund balances end of year	\$ 88,365	275,845	364,210

See accompanying independent auditor's report.

Pleasantville Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Schedule 3

Year ended June 30, 2015

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
Elementary Book Fair	\$ 3,027	3,740	5,162	(547)	1,058
Elementary Fundraiser	54,744	31,705	36,565	(6,000)	43,884
Miscellaneous	6,208	120	-	(6,157)	171
Library Club	(549)	50	50	549	-
Industrial Arts Club	(6,353)	242	152	6,352	89
Vocal Club	5,323	4,684	6,018	-	3,989
Elementary Band	(3,110)	837	735	3,112	104
Athletic Resale	(3,848)	120	-	3,848	120
Vocational Agriculture Club	(11,823)	2,396	2,149	(50)	(11,626)
High School Band	5,636	5,794	10,180	-	1,250
Drill Team	(5,614)	223	10	5,614	213
Boys Basketball	14,340	2,050	3,286	(8,319)	4,785
Football	31,032	4,891	17,303	(13,619)	5,001
Baseball	(9,749)	5,454	10,458	-	(14,753)
Boys Track	(9,175)	2,777	2,370	6,205	(2,563)
General High School Athletic Supplies	6,806	63,198	53,705	(7,863)	8,436
Boys Golf	(7,576)	275	407	7,708	-
Wrestling	3,825	3,826	4,993	-	2,658
Girls Basketball	3,823	3,350	5,298	-	1,875
Volleyball	(1,019)	3,884	3,418	553	-
Girls Softball	(12,135)	6,883	5,501	-	(10,753)
Girls Track	(5,277)	1,294	1,143	5,126	-
Girls Golf	(7,363)	-	-	7,263	(100)
Weightlifting	526	-	410	-	116
High School Pop Concessions	1,962	20,588	19,162	-	3,388
Elementary Pop	463	1,579	2,457	415	-
High School Lounge	359	494	92	(415)	346
Yearbook	(9,202)	1,690	170	9,202	1,520
Elementary Student Council	314	-	-	-	314
Junior High Student Council	473	-	-	-	473
High School Student Council	5,654	12,040	10,254	-	7,440
Future Farmers of America	7,924	39,131	38,520	-	8,535
National Honor Society	862	-	215	-	647
Business Club	119	540	-	-	659
Cheerleaders	2,371	5,205	6,755	-	821
Spanish	4,285	2,575	3,946	-	2,914
Science	360	-	-	-	360
Rifle Club	(1,043)	-	-	1,043	-
Postage	81	-	-	-	81

See accompanying independent auditor's report.

Pleasantville Community School District
Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Schedule 3

Year ended June 30, 2015

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
Class of:					
2010	850	-	-	(850)	-
2011	134	-	-	(134)	-
2012	253	-	-	(253)	-
2013	570	-	-	(570)	-
2014	56	-	-	(56)	-
2015	615	2,008	2,252	-	371
2016	-	7,689	6,909	-	780
2017	-	44	-	-	44
SALT	-	100	40	-	60
Prom	2,500	825	825	-	2,500
Washington D.C. Trip	6,222	18,440	16,560	-	8,102
Talented and Gifted	754	-	-	-	754
Band/Vocal/Art Confederation	3	-	-	-	3
Home Economics	231	2,707	2,326	-	612
Art/Photo	133	-	110	-	23
Savings	7,369	161	-	(7,196)	334
Community Service	(343)	-	-	343	-
Drama Club	(9)	7,108	6,759	-	340
Social Studies	343	-	-	-	343
Community Resources	2,718	74	1,597	(343)	852
Fan Stand - Resale	5,466	19,413	16,420	-	8,459
Trojan Tribute	(449)	-	110	559	-
High School Fundraising	2,818	1,198	756	-	3,260
Middle School Fundraising	6,968	4,986	6,358	(5,520)	76
Total	\$ 103,883	296,388	311,906	-	88,365

See accompanying independent auditor's report.

Pleasantville Community School District

Schedule 4

Combining Balance Sheet
Capital Projects Accounts

June 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 872,584	127,178	999,762
Receivables:			
Property tax:			
Delinquent	-	2,771	2,771
Succeeding year	-	266,918	266,918
Due from other governments	94,331	-	94,331
Total assets	\$ 966,915	396,867	1,363,782
Deferred Inflows of Resources and Fund Balances			
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	\$ -	266,918	266,918
Total deferred inflows of resources	-	266,918	266,918
Fund balances:			
Restricted for:			
Debt service	323,175	-	323,175
School infrastructure	643,740	-	643,740
Physical plant and equipment	-	129,949	129,949
Total fund balances	966,915	129,949	1,096,864
Total deferred inflows of resources and fund balances	\$ 966,915	396,867	1,363,782

See accompanying independent auditor's report.

Pleasantville Community School District
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances

Schedule 5

Capital Projects Accounts

Year ended June 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	260,880	260,880
Other	-	1,057	1,057
State sources	607,144	-	607,144
Total revenues	607,144	261,937	869,081
Expenditures:			
Current:			
Support services:			
Instructional staff	11,200	-	11,200
Other expenditures:			
Facilities acquisition	18,110	57,020	75,130
Total expenditures	29,310	57,020	86,330
Excess of revenues over expenditures	577,834	204,917	782,751
Other financing sources (uses):			
Transfers out	(313,040)	(267,943)	(580,983)
Total other financing sources (uses)	(313,040)	(267,943)	(580,983)
Change in fund balances	264,794	(63,026)	201,768
Fund balances beginning of year	702,121	192,975	895,096
Fund balances end of year	\$ 966,915	129,949	1,096,864

See accompanying independent auditor's report.

Pleasantville Community School District

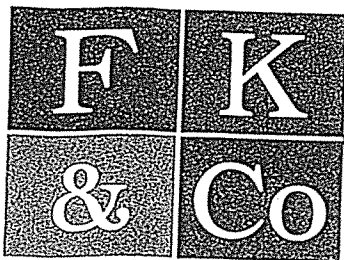
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds

Schedule 6

For the Last Ten Years

	Modified Accrual Basis									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Local sources:										
Tuition	\$ 2,670,078	2,335,917	2,831,635	2,715,443	2,909,619	2,921,456	2,886,060	2,664,447	2,621,839	2,364,972
Other	368,119	415,023	392,804	347,091	311,810	197,656	224,811	217,259	254,641	241,652
State sources	502,096	635,278	504,014	496,990	437,361	393,590	420,352	479,156	496,232	477,451
Federal sources	4,700,836	4,467,583	3,668,189	3,824,371	3,667,898	3,347,341	3,865,412	3,631,724	3,409,873	2,952,470
	172,143	234,039	179,553	234,828	328,324	577,481	177,303	118,710	115,904	117,402
Total	\$ 8,413,272	8,087,840	7,576,195	7,618,723	7,655,012	7,437,524	7,573,938	7,111,296	6,898,489	6,153,947
Expenditures:										
Instruction:										
Regular	\$ 3,305,770	3,550,666	2,973,808	2,778,995	3,432,000	2,543,424	4,426,231	4,079,767	4,143,414	3,945,967
Special	1,200,391	1,198,139	1,148,959	947,399	967,950	1,087,674	-	-	-	-
Other	1,122,583	1,100,590	1,072,840	1,057,589	1,093,627	1,016,887	-	-	-	-
Support services:										
Student	121,260	122,630	122,765	106,423	104,118	105,686	131,947	73,254	150,696	107,209
Instructional staff	99,584	85,070	110,859	154,714	197,351	106,516	121,478	174,701	160,887	271,802
Administration	916,669	897,878	746,222	733,078	721,409	607,441	582,120	606,430	576,138	563,512
Operation and maintenance of plant	646,052	683,060	609,274	444,602	532,323	466,556	524,352	506,382	520,629	518,104
Transportation	284,710	412,470	270,883	352,911	262,430	317,430	239,425	198,788	187,830	248,667
Non-instructional programs	3,614	1,090	9,640	27,255	18,651	22,627	9,233	2,061	13,324	9,728
Other expenditures:										
Facilities acquisition	75,130	229,063	1,393,504	2,714,615	388,730	179,841	93,148	104,997	292,533	1,404,187
Long-term debt:										
Principal	431,785	449,359	421,733	464,151	347,995	366,718	426,339	405,000	390,000	240,000
Interest and other charges	145,612	142,135	145,585	77,329	36,970	49,841	67,502	79,468	94,003	86,191
AEA flowthrough	253,105	239,417	227,752	227,773	253,163	253,457	232,544	216,305	205,440	183,683
Total	\$ 8,606,265	9,111,567	9,253,824	10,086,834	8,356,717	7,124,098	6,854,319	6,447,153	6,734,894	7,579,050

See accompanying independent auditor's report.



FALLER, KINCHELOE & CO, PLC

Certified Public Accountants

Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of
Pleasantville Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Pleasantville Community School District (District) as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 10, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control we consider to be material weaknesses and a significant deficiency.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items (A), (B), (C), (D), (E) and (G) to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings as item (F) to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The District's Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



Faller, Kincheloe & Co., PLC

Des Moines, Iowa
March 10, 2016

Pleasantville Community School District

Schedule of Findings

Year ended June 30, 2015

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

- (A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal are sometimes all done by the same person. In addition, at times the Board Secretary also stamps the Board President's name on checks issued by the Pleasantville Community School District (District). Also, in many instances, vouchers are processed, disbursements are recorded and checks are prepared by the same person.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. The District could segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

Response – We will continue to review our procedures and implement additional controls where possible.

Conclusion – Response acknowledged.

- (B) Fixed Assets – Fixed assets were not periodically counted and reconciled to the fixed asset listing by an independent person.

Recommendation – To provide additional control over the proper recording of fixed assets, fixed assets should be periodically counted and reconciled to the fixed asset listing by a person who does not have custody of the fixed assets.

Response – We will review this situation.

Conclusion – Response acknowledged.

- (C) Financial Reporting – During the audit, we identified material amounts of cash, receivables, liabilities, fixed assets, revenues and expenditures which were either incorrectly recorded or not recorded at all in the District's financial statements. Adjustments were subsequently made by the District to properly include these amounts in the financial statements.

Recommendation – The District should implement procedures to ensure all transactions are identified and included in the District's financial statements.

Response – We will double check these issues in the future to avoid missing any receivables, payables, fixed asset and all other transactions.

Conclusion – Response acknowledged.

Pleasantville Community School District

Schedule of Findings

Year ended June 30, 2015

- (D) Preparation of Full Disclosure Financial Statements – Internal controls over financial reporting include the actual preparation and review of financial statements, including footnote disclosure, for external reporting, as required by generally accepted accounting principles. The District does not have the internal resources to prepare the full-disclosure financial statements required by generally accepted accounting principles for external reporting. While this circumstance is not uncommon for most governmental entities, it is the responsibility of management and those charged with governance to prepare reliable financial data, or accept the risk associated with this condition because of cost or other considerations.

Recommendation – We recognize that with a limited number of office employees, gaining sufficient knowledge and expertise to properly select and apply accounting principles in preparing full-disclosure financial statements for external reporting purposes is difficult. However, we recommend that District officials continue to review operating procedures and obtain the internal expertise needed to handle all the aspects of external financial reporting, rather than to rely on external assistance.

Response – We recognize our limitations; however, it is not fiscally responsible to add additional staff for this purpose.

Conclusion – Response acknowledged.

- (E) Receipts – Instances were noted where receipts were not timely deposited. For example, receipts are not normally deposited more than one time per week. In addition, in some cases, an immediate record of receipt was not always completed.

Recommendation – The District should implement procedures to ensure all receipts are timely deposited into the bank accounts. Receipts should be deposited daily when cash and checks on hand exceed \$100. In addition, an immediate record of receipt needs to be completed for all receipts.

Response – We will attempt to implement these recommendations.

Conclusion – Response acknowledged.

- (F) Student Activity Fund – In accordance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Rule 281-12.6(1), moneys in the Student Activity Fund should be used to support only the extracurricular and co-curricular activities offered as part of the District's educational program. Several accounts reported in the Special Revenue, Student Activity Fund do not appear to be extracurricular or co-curricular in nature.

Recommendation – The District should review the propriety of all of the accounts in the Special Revenue, Student Activity Fund, and determine which accounts meet the Iowa Department of Education requirements to be included in the Special Revenue, Student Activity Fund. All accounts which do not meet the requirements to be included in the Special Revenue, Student Activity Fund should be recorded in another appropriate fund.

Response – We will review this area and make changes as appropriate.

Conclusion – Response acknowledged.

Pleasantville Community School District

Schedule of Findings

Year ended June 30, 2015

- (G) Billing Controls – During our review, we identified over \$35,000 not billed by the District to the State of Iowa for a nutrition claim, and to other School District's for open enrollment in tuition. District personnel were unaware of this situation until we brought it to their attention.

Recommendation – The District should implement procedures to ensure all amounts due to the District are identified, billed and collected on a timely basis.

Response – The above was an oversight on our part. We will do a better job in the future in relation to the above.

Conclusion – Response acknowledged.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Pleasantville Community School District

Schedule of Findings

Year ended June 30, 2015

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Expenditures for the year ended June 30, 2015 exceeded the certified budget amounts in the instruction, support services and the non-instructional programs functions. In addition, total expenditures exceeded the overall amounts budgeted.

Recommendation – The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion – Response acknowledged.

- (2) Questionable Disbursements – A disbursement we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented was noted. This disbursement is detailed as follows:

Paid to	Purpose	Amount
IPERS	Interest	\$ 240

According to the opinion, it is possible for such disbursements to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and improper purpose is very thin.

Recommendation – The District should determine and document the public purpose served by these disbursements before authorizing any further payments.

Response – We will review this issue.

Conclusion – Response acknowledged.

- (3) Travel Expense – No expenditures of Pleasantville Community School District (District) money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- (4) Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Ron Danks, Board Member Owner of Myers, Danks and Smith	Legal services	\$ 252

In accordance with Attorney General's opinion dated July 2, 1990, and an Attorney General's opinion dated November 9, 1976, the above transactions with Mr. Danks do not appear to represent a conflict of interest.

- (5) Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

Pleasantville Community School District

Schedule of Findings

Year ended June 30, 2015

- (6) Board Minutes – Some Board minutes and related invoices were not timely published, and one instance was noted where an invoice was not approved by the Board, as required by Chapter 279.35 of the Code of Iowa.

Recommendation – The District should implement procedures to ensure that all Board minutes and related invoices are timely published, and that all invoices are approved by the Board as required by the Code of Iowa.

Response – We will implement this recommendation.

Conclusion – Response acknowledged.

- (7) Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- (8) Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- (9) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and District's investment policy were noted, except that the District did not include one depository on the depository resolution for part of the fiscal year. Also, one investment held by the District is not on the District's investment policy.

Recommendation – To be in compliance with Chapter 12C of the Code of Iowa, the District should implement procedures to ensure the depository resolutions include all depositories. Also, all investments owned by the District should be on the District's investment policy.

Response – We will implement these recommendations.

Conclusion – Response acknowledged.

- (10) Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.
- (11) Categorical Funding – No instances of categorical funding being used to supplant rather than supplement other funds were noted.
- (12) Statewide Sales, Services and Use Tax – No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2015, the following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District's CAR including adjustments identified during the fiscal year 2015 audit:

Pleasantville Community School District

Schedule of Findings

Year ended June 30, 2015

Beginning balance		\$ 702,121
Revenues/transfers in:		
Sales tax revenues		<u>607,144</u>
		1,309,265
Expenditures/transfers out:		
School infrastructure construction	\$ 4,110	
Land purchased	14,000	
Equipment	11,200	
Transfers to other funds:		
Debt service fund	<u>313,040</u>	<u>342,350</u>
Ending balance		<u>\$ 966,915</u>

For the year ended June 30, 2015, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

- (13) Miscellaneous – The Special Revenue, Management Levy Fund balance is in excess of one year's expenditures. As a result, the balance in this fund may be excessive.

The District has a diesel barrel to store fuel for subsequent use, and also buys fuel from a vendor in town. While a vehicle log is kept for some vehicles, the vehicle logs do not consistently document gallons of fuel used in the vehicles and the mileage of the vehicles. As a result, the District is unable to analyze its fuel usage for propriety.

Recommendation – The District should review the balance in the Special Revenue, Management Levy Fund, and consider reducing the balance in this fund.

To provide increased accountability over fuel purchased and the fuel used from the District barrels, the District should periodically reconcile fuel purchased as recorded on the vendor invoices and fuel used per the barrels, with the vehicle logs. Any material differences and any unusual amount of fuel used should be periodically investigated and followed up on a timely manner.

Response – We will evaluate the balance in the Special Revenue, Management Levy Fund for reasonableness. We will review our procedures in relation to fuel accountability.

Conclusion – Response acknowledged.

- (14) Interfund Loans – The Iowa Department of Education issued a Declaratory Order (Order) dated October 22, 2009 outlining requirements for interfund loans. During the current and prior fiscal year, the District made loans between various funds. The District did not comply with the Order's requirements, as follows:

- The interfund loans were not always formally approved by the Board.
- A provision for interest was not included in the resolution authorizing the interfund loan.
- The loans were not repaid by October 1 of the fiscal year following the fiscal year in which the loan occurred. For loans unable to be repaid, the District did not follow the remedies available under Chapter 74, 278.1(5) or 24.22 of the Code of Iowa.

Pleasantville Community School District

Schedule of Findings

Year ended June 30, 2015

Recommendation – The District should comply with the requirements for existing and future interfund loans.

Response – We will implement this recommendation to the best of our ability.

Conclusion – Response acknowledged.

- (15) Financial Condition – As noted on the Statement of Net Position, the Governmental Activities had a deficit unrestricted net position of \$2,944,826 at June 30, 2015. The Enterprise, School Nutrition Fund had a deficit unrestricted net position of \$34,594 at June 30, 2015. In addition, several student activity accounts had a negative balance as of June 30, 2015.

Recommendation – The District should continue to investigate alternatives to eliminate these deficits in order to return the funds to a sound financial condition. Procedures should be implemented to ensure all student activity accounts have a positive balance.

Response – The District will try to decrease expenditures and increase revenues so the Governmental Activities and the Nutrition Fund in order to not show a deficit balance at year-end. We are also working to ensure all the student activity accounts are positive.

Conclusion – Response acknowledged.

- (16) Credit Card – We noted a credit card charge that was not supported by a detailed receipt.

Recommendation – The District should ensure that all charges to the credit card are supported by detailed receipts.

Response – We will implement this recommendation.

Conclusion – Response acknowledged.